N. A. C. A. BULLETIN

Section I

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Accounting for Material

By

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National Association of Cost Accountants

Editorial Department Note

As the first number of Volume VIII of our Official Publications, we are glad to be able to present a complete description of the paper work used in connection with a system for handling the stores raw materials in a steel foundry. The uses of the various forms, their routine, and the accounting procedures built upon them are all so clearly explained that a complete view is had of the methods used in the purchase, receipt, warehousing, and disbursing of stores in this unit of the United Engineering & Foundry Company. The N. A. C. A. always welcomes the opportunity to present material of this kind because, while it represents a specific instance or case with methods more or less peculiar to the surrounding conditions, the material is particularly valuable because it presents an application of general principles to a specific situation and is therefore suggestive of what may be done in other situations.

The author, George H. Friesel, is a Pittsburgh man by birth and after completing a high school education went into industry where he has held most of the positions from stenographer, timekeeper and clerk to that of auditor and treasurer. His experience has been chiefly in the metal industry. At present he is a director, treasurer and auditor of the United Engineering & Foundry Company, manufacturers of rolling mill machinery, forging presses, steel and iron castings, brass castings and rolls.

Mr. Friesel has been a member of the Pittsburgh Chapter of the National Association of Cost Accountants since 1919 and has an enviable record of attendance at chapter meetings. He is the author of one of our Official Publications, Volume IV, No. 17, May 15, 1923, entitled, A Method of Collecting Direct Labor Costs and Statistics.

ACCOUNTING FOR MATERIAL

In this paper an endeavor will be made to explain the procedure followed in the acounting for the purchase, receipt, storage and disbursement of material for one of the plants of the United Engineering & Foundry Company. The plant is a steel foundry located outside of Pittsburgh, the purchasing and general accounting being done in Pittsburgh.

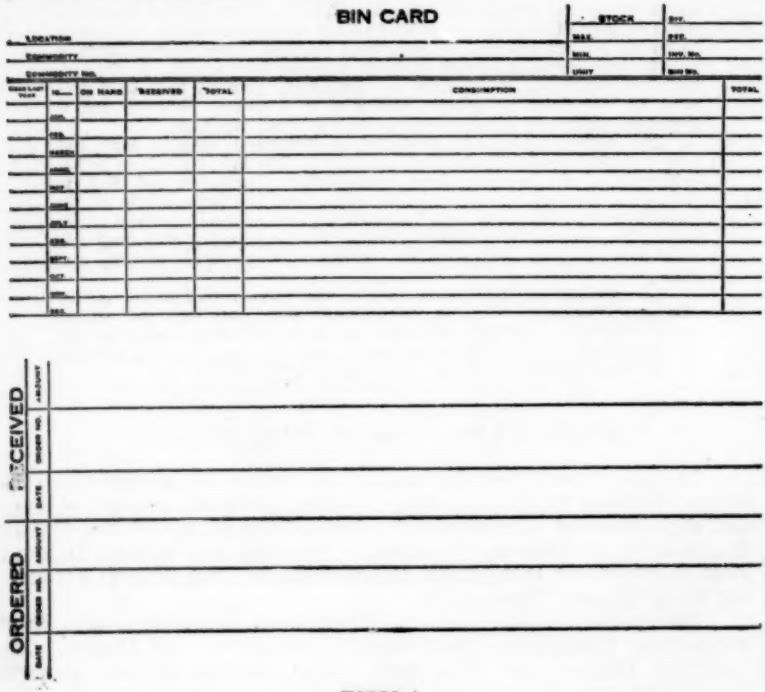
The paper is presented in three main divisions: viz., Plant Procedure, Purchasing Department Procedure, and General Accounting Department Procedure. The purchasing and general accounting procedure covers all materials used by the plant. The plant procedure does not in every case cover all materials, no attempt being made to explain the storage and disbursement of such materials as pig iron, scrap, fuel, etc.

Plant Procedure

Arrangement of Storehouses and Duties of Storekeeper. Each storehouse is numbered and divided into sections, and each section assigned a series of bin or commodity numbers. The storekeeper

is located in an office in the main storehouse, and he has supervision over the requisitioning of stores material from the purchasing department; the receiving of all material; the storage and disbursement of such material as can be accommodated in the storehouse; and the approval of all invoices covering material received.

The Bin Card. Each bin in the storehouse is numbered. This number is stamped on a sheet iron strip which is tacked on the outside of the bin. Inside the bin is a sheet iron pocket containing a Bin Card, Form A. If the commodity stored is such that it cannot be placed in a bin or racked, a bin card is provided at a place adjacent to its location.


BIN CARD

STOCK

LOCATION

COMMODITY

COMMODITY NO.

MAX.

MIN.

UNIT

YEAR	MO.	ON HAND	RECEIVED	TOTAL	CONSUMPTION	TOTAL
	JAN.					
	FEB.					
	MARCH					
	APRIL					
	MAY					
	JUNE					
	JULY					
	AUG.					
	SEPT.					
	OCT.					
	NOV.					
	DEC.					

RECEIVED: DATE | ORDER NO. | AMOUNT | ADJUST

ORDERED: DATE | ORDER NO. | AMOUNT

FORM A

When material is received it is placed in the proper bin, and the quantity received is recorded on the front and the back of the card. When a disbursement is made, the quantity is recorded on the card, and the bin number is recorded on the storehouse requisition, Form B.

Form B1 is used by blacksmiths for reporting steel and iron used by them, and Form B2 is used by carpenters and pattern-

Shop Order	Item	Account	Extensions		Transf. No.	Bin No.
			Fig.	Chkd.		

For What Department | To Be Used For

Order Filled By	Unit	Weight	Number Pieces	Do Not Write In This Space		
				Posted By	Unit Price	Amount

Description of Material Required—Enter Only One Kind

Date Signed

UNITED ENGINEERING & FOUNDRY COMPANY
MATERIAL REQUISITION
FORM B

Shop Order	Item	Account	Extensions		Transfer No.	Bin No.
			Fig.	Chkd.		

For What Department? | To Be Used For

Order Filled By	Unit	Weight	Feet	Do Not Write In This Space		
				Posted By	Unit Price	Amount

		Size				
Square			Bessemer Steel		Chisel Steel	
Flat			Carbon Tool Steel			
Round		Carbon	High Speed Tool Steel			
Octagon			Chain Iron			
Hexagon						

Date Signed
United Engineering and Foundry Company
Material Requisition
FORM B1

Shop Order	Item	Account	Extensions		Transfer No.	Bin No.
			Fig.	Chkd		

For What Department? | To Be Used For

Order Filled By	Unit	Feet	Do Not Write In This Space		
			Posted By	Unit Price	Amount

Pine			Pattern		Flooring	
Hemlock			Rough		Siding	
Oak			Surfaced			
Chestnut			Boards			
Cherry			Timbers			
Walnut			Roll Blocking			

Date Signed
United Engineering and Foundry Company
Material Requisition
FORM B2

makers for reporting lumber used. These materials are not physically under the control of the Storekeeper.

At the close of each month all disbursements recorded under "Consumption" are totaled and the balance on hand ascertained by taking the month's disbursements from the quantity on hand at the beginning of the month plus the receipts.

Requisitioning the Purchasing Department for Material for Stores. After the inventory of each commodity has been ascertained at the close of each month, the bin cards are inspected by the storekeeper, and from the past several months' consumption record and the present inventory shown thereon, he decides whether the present stock is sufficient to cover the requirements of the next two months. In arriving at a decision, consideration is given to the lapse of time which may be expected between the date of requisitioning and the receipt of the material. This applies particularly to material which is not carried in stock by manufacturers or material which has a distant point of shipment, and past records shown on the reverse side of the bin card aid materially in considering this factor.

For such material as should be ordered, the storekeeper issues requisition, Form C, endeavoring to order standard packages or lots wherever possible, and records the quantity of material requisitioned on the back of the bin card. A duplicate copy of the requisition remains in the requisition book, and from the original, after approval by the manager, a requisition, Form D, is typed in duplicate. The duplicate typed copy of Form D and the original of Form C are returned to the storekeeper, and the original typed copy forwarded to the purchasing department.

CHARGE TO	FOR STOCK	IF MATERIAL TO BE ORDERED IS NOT FOR STOCK, AND IS ALL TO BE USED IMMEDIATELY UPON RECEIPT, ENTER BELOW:		REQUISITION NUMBER	REQUEST NUMBER
		FOR WHAT DEPARTMENT	FOR WHAT PARTICULAR ITEM		
	YES NO				597

QUANTITY REQUIRED	DETAIL DESCRIPTION OF MATERIAL	BIN NUMBER

FULL INFORMATION MUST BE GIVEN AS REQUESTED ABOVE. IF MATERIAL IS ORDERED FOR STOCK, EACH TIME ANY MATERIAL IS USED A MATERIAL REQUISITION MUST BE GIVEN TO THE STOREKEEPER

DATE_____ SIGNED_____

UNITED ENGINEERING AND FOUNDRY COMPANY
REQUEST FOR MATERIAL TO BE PURCHASED

FORM C COMMODITY NO._____

UNITED ENGINEERING AND FOUNDRY CO.

REQUISITION

Date — This is to be Filled in by Pur. Dept.

Number 23247

For — Date Ordered

Dept. C. R. F. Co. — Ordered From

Approved — By

Chief Clerk

FORM D

When the purchasing department buys the material requisitioned, a blue and a pink copy of the purchase order, Form E, is furnished the storekeeper who checks the order with the requisition. The purchase order number and the vendor's name are recorded on the duplicate typed requisition which is then filed numerically in accordance with the requisition number. The pink copy of the purchase order is filed numerically according to order number for cross reference only. The blue copy is placed in the active order file alphabetically according to vendor's name, where it remains until all the material ordered has been received. After a record of the receipt or receipts has been made, it is placed in a permanent file alphabetically according to vendor's name under the proper commodity classification.

Expediting Material Requisitioned. If the storekeeper, through inspecting bin cards at the close of the month or through some other channel, finds a dangerously low stock of a commodity of which an additional quantity is on order, the purchasing department is advised by telephone and confirmation made on a storekeeper's memo, Form F. This memo is the same width as the purchase order and is slightly longer than the plant copies of the order. The carbon copy of the memo is attached to the blue copy of the purchase order, the top of the memo being slightly above the top of the order. This feature attracts the attention of the storekeeper to the material that he is most urgently in need of.

Material in Transit Records. Immediately upon receipt of bills of lading or shipping notices covering carload shipments, a record is made in a memorandum book, known as "Material in Transit" book, of the name of the vendor, car number and date shipped. One page or more in the book is assigned for each different commodity that is generally received in carload lots, such as pig iron, scrap, sand, etc., and the information from the shipping papers is recorded against the proper commodity. This book enables the storekeeper to quickly ascertain the shipper of carload material.

A letter-sized file, known as the "Material in Transit" file, is provided for the filing of shipping papers covering material en route.

UNITED ENGINEERING AND FOUNDRY COMPANY

PURCHASING DEPARTMENT PITTSBURGH, PA. 192

ORDER NO. C 39123
SHOP NO.

PLEASE FURNISH US WITH THE FOLLOWING MATERIAL, SUBJECT TO THE CONDITIONS PRINTED BELOW

ALL MATERIAL FURNISHED ON THIS ORDER MUST BE OF THE KIND AND QUALITY SPECIFIED AND SUBJECT TO OUR INSPECTION AND ACCEPTANCE AT DESTINATION.

PRICE
F. O. B.

TERMS
SHIPMENT

SHIP VIA Penna. Lines,
To United Engineering & Foundry Company
Chilled Roll Plant,
Vandergrift, Pa.

UNITED ENGINEERING & FOUNDRY COMPANY

PURCHASING AGENT

NOTE CAREFULLY AND COMPLY FULLY WITH THE FOLLOWING INSTRUCTIONS:

(1) Acknowledge receipt of this order by number and advise when you will ship or state in writing if you cannot comply with shipment specified.
(2) Make separate invoice, in duplicate, for each order, which must show ordered and shop number and mail to General Office, Pittsburgh, Pa.
(3) Material must have order number and shop number plainly marked thereon, also blue print number and item number if shown on order.
(4) Bill of lading, together with detailed shipping list, showing order and shop number must be sent direct to works at time of shipment.
(5) All rejected materials will be held for disposition, subject to shipper's risk and expense.
(6) If for any reason material is not delivered as herein provided or as previously agreed, we reserve the right to cancel this order and purchase elsewhere, you to assume any loss incurred as a result thereof.
(7) Carload shipments arriving without notice, showing contents and weight, will be held and car service charged to shipper.
Notices must show gross, tare, and net weights. When no weights are given, car weight will govern settlement.
(8) Goods shipped via freight must be classified, packed, and routed so as to insure the lowest legal transportation rate, otherwise the difference in freight rate will be charged to your account.
(9) When price is based on delivery to our works, prepay transportation charges to destination.
(10) No charges allowed for drayage or packing.
(11) Unless otherwise specifically agreed, invoices, covering purchases will be paid on the 20th of the month following shipment, providing material is received prior to the 5th of the month succeeding shipment. Cash discounts will be taken on the 10th of the month following shipment.
Always state on invoices best cash discount you will allow. Drafts will not be honored.
(12) Unless otherwise agreed in writing, the sellers of these goods agree to assume the defense of any suit for infringement of patents brought against UNITED ENGINEERING & FOUNDRY COMPANY by reason of the use of such goods and to indemnify said Company against any damage or Costs in such suit.

FORM E
6

CHILLED ROLL FOUNDRY COMPANY DEPT.

VANDERGRIFT, PA._____

TO _____

REFERENCE_____

_____

CONFIRMING TELEPHONE CONVERSATION TO_____

_____

_____

_____

YOUR ATTENTION TO THESE MATTERS IS URGED.

RESPECTFULLY YOURS,

No. 2607

_____

STOREKEEPER

FORM F

This file has two divisions, one for carload shipments and the other for less carload shipments, and each division is provided with alphabetical folders.

When shipping papers on less than carload shipments are received, they are placed in their proper place in the Material in Transit file; and also shipping papers on carload materials after the information has been recorded in the Material in Transit book.

Receiving Material from Other Companies—via Less Carload Freight and Express. Material received via less carload freight is delivered to the storekeeper by truck, the driver procuring from the freight agent and delivering to the storekeeper the freight arrival notice for each shipment. The purchase order number is with few exceptions shown on the shipping tag attached to the material. From the information shown on the arrival notice and/or by the package markings, the storekeeper procures the purchase orders from the active order file and the shipping papers from the Material in Transit file for all the material received. The quantity and quality of material received is then checked with the purchase order and shipping papers, and then placed in a bin bearing the number shown on the purchase order. Material Received, Form G, hereafter referred to as "Receipt Slip," is then made out in duplicate for the material received on each purchase order. On the purchase

order are recorded the date of receipt, quantity received, and receipt slip number, and on each shipping notice and arrival notice is recorded the receipt slip number, after which they are permanently filed.

After the bin number has been entered on the receipt slip, it is checked against the bin card to ascertain if the material has been properly checked in, and the proper entries made on the bin card.

UNITED ENGINEERING & FOUNDRY CO. No. 9214 B
MATERIAL RECEIVED

Purchased From _____ Date _____

Received From _____ Via _____

Car _____ Pro. No. _____ R. R. Wt. _____ Frt. Rate _____ Charges {TBD / NTBD

Unloaded at _____ Material Checked by _____ Invoice-Date _____ Req. No. _____

Purchase Order	Charge To	Description	Quantity	Unit Price	Amount

FORM G

UNITED ENGINEERING & FOUNDRY CO.

DATE _____

REPORT OF CARS { RECEIVED / SHIPPED } TO-DAY

CAR INITIAL	CAR NUMBER	DATE REC'D	LADING	RECEIVING SHEET NO.

FORM H

A duplicate copy of the receipt slip is then filed numerically for ready reference only, and the original placed on an arch file known as the "Awaiting Freight and Weight" file.

Material received via express or parcel post is handled approximately in the same manner as less carload freight.

Receiving Material from Other Companies—via Carload Freight. The yard foreman each morning reports to the storekeeper on Form H, Report of Cars Received, the number of the cars the railroad company placed on the siding, showing lading of each car. By consulting the Material in Transit book the storekeeper ascertains the shipper of each car, which enables him to procure shipping papers from the Material in Transit file. If shipping papers are not on file, the purchasing department is immediately notified by 'phone and the car is held awaiting their instructions. The receipt slip for each car is made out in duplicate, and shipping papers and purchase orders marked and filed in the same manner as papers covering less carload shipments. The receipt slip is placed on the arch file referred to heretofore, awaiting freight bills from the railroad company and scale tickets from the yard foreman.

The yard foreman gross and tare weighs all cars. Form I, "Car Record of Pig Iron and Scrap," is a loose-leaf record of the yard foreman. The information recorded in the first six and last columns is entered by him for each car immediately upon receipt of the car. Under "Invoice Weight" the storekeeper enters the shipper's weight as shown on the shipping papers, and if this weight checks favorably with the apparent net weight, he enters the date, under "Weight O.K.," which is authority for the yard foreman to unload as far as weight is concerned. If there is an apparent shortage, the purchasing department is notified immediately by telephone, and confirmation sent them on the lower por-

CAR RECORD ON PIG IRON AND SCRAP

Line	Date Rec'd	Car Initial	Car Number	Gross Weight	Marked Weight	Apparent Net Weight	Invoice Weight	Wt. O. K.	Tests 1st	Tests 2nd	Tests 3rd	File No	Material
1													
2													
3													
4													
5													
6													
7													
8													
9													
10													
11													
12													
13													

FORM I

tion of the shortage report, Form J. When an actual shortage occurs either after an apparent shortage or on cars that do not show an apparent shortage, the upper portion of the shortage report is forwarded to the purchasing department for settlement with the vendor. A duplicate copy of the shortage report is attached to the receipt slip.

Each morning the storekeeper furnishes the manager, yard foreman and the laboratory with a "Report of Carloads Received," Form K, retaining one copy for his file. The yard foreman inspects the material in the cars and ascertains whether or not it checks favorably with what has been ordered as shown under "Lading."

No. 864 CHILLED ROLL FOUNDRY COMPANY DEPT. Receipt No. _____

VANDERGRIFT, PA. _____

PURCHASING DEPT.,

We give you below report of a shortage of _____ Pounds of _____

From Car _____ Shipped _____ By _____

Shipper's Weights:— Gross _____ Tare _____ Net _____

Our Weights:— " _____ " _____ " _____

Small Scale Weight _____ Stencilled Light Weight _____

Material Transferred From _____ Was Car Sealed? _____

Apparent Shortage of _____ Pounds was Reported by _____ to _____ on _____

who instructed us to _____

REMARKS: _____

_____

_____ CHIEF CLERK

Disposition _____

CHILLED ROLL FOUNDRY COMPANY DEPT.

VANDERGRIFT, PA. _____

PURCHASING DEPT.,

Confirming telephone conversation to _____, please be advised

that there is an apparent shortage of _____ Pounds of _____

From Car _____ Shipped _____ By _____

Following the instructions of _____, Car will be _____

_____

No. 864 _____ CHIEF CLERK

FORM J

UNITED ENGINEERING AND FOUNDRY COMPANY
CHILLED ROLL FOUNDRY COMPANY DEPT.

DAILY REPORT OF CARLOADS RECEIVED_____ 19____

CAR		ORDER NO.	LADING	FROM WHOM PURCHASED
INITIAL	NUMBER			

_____
STOREKEEPER

FORM K

C. R. F. CO. DEPT.	
RECEIPT NO.	Purchased From
ACCOUNT	AMOUNT
APPROVED	

FORM L

Date,_____

Auditing Department,
UNITED ENGINEERING & FOUNDRY CO.
PITTSBURGH, PA.

Enclosed find freight bills approved for payment as follows:—

DATE	PRO. No.	CAR INITIAL	CAR No.	ACCT. No.	AMOUNT FREIGHT	MATERIAL RECEIVED FROM

_____

_____

FORM M

If it does not compare favorably the matter is taken up with the purchasing department relative to rejecting the material or obtaining an adjustment in the form of a credit. After receiving their decision, the car is either accepted or rejected.

Each car of pig iron and scrap is analyzed by the laboratory and a report of whether or not the material is in accordance with specifications is made to the yard foreman, who enters on his Car Record of Pig Iron and Scrap the date he receives the report of the laboratory's findings. If the report is favorable, the car is unloaded; if not favorable, it is rejected or held until another analysis is made and reported.

Receiving Material from Other Plants of the Company. When material is received from other plants of the company, two copies of the manifest are received from the shipping plant. When the material is received the storekeeper follows the same procedure as is followed for receipts from other sources, and forwards to the general accounting department in Pittsburgh one copy of the shipper's manifest on which he has entered the account to which the material is to be charged. From this copy the general accounting department prepares an interdepartment debit memorandum which is handled by the storekeeper in a manner similar to a vendor's invoice, which will be explained later.

Approving for Payment Railroad Company Invoices for Freight Charges. Each day the railorad company furnishes a freight bill and a delivery receipt for each shipment delivered the previous day, and in addition an arrival notice for each carload shipment. Each freight bill is stamped by the storekeeper as per Form L. The freight bill is then checked as to weights, etc., with the receipt slip procured from the "Awaiting Freight and Weight" file, and the extensions checked. If the freight bill passes these checks the necessary data are inserted in the various blocks of the stamping on the freight bill, and freight information recorded on the receipt slip, the delivery receipt signed, and the receipt slip number entered on the arrival notice which is then filed numerically by receipt slip number. Each freight bill is then checked with the freight statement furnished by the railroad company, and if this statement is found to be correct, the freight bills are listed in quadruplicate in acount order on Freight Forwarding Sheet, Form M, showing for each freight bill under "Material Received From" the receipt slip number and the initials of the vendor. All of the bills and signed delivery receipts, together with the plant check for the freight, are delivered to the freight agent who receipts each bill and returns the lot to the plant. The various copies of the Forwarding Sheet are distributed as follows: one to plant general office, one to the storekeeper, and two with the receipted freight bills to the general accounting department in Pittsburgh for reimbursement. All freight bills are paid by the plant within twenty-four hours after receipt. When transportation charges on less carload material have been entered on receipt slips, they are re-

moved from the "Awaiting Freight and Weight" file and placed in what is known as the "Invoice File," which will be explained later. Carload Receipt Slips are handled in the same manner with the exception that the receipt slip is not removed until the yard foreman has furnished scale tickets showing gross, tare, and net weights, and such weights have been recorded on the receipt slips.

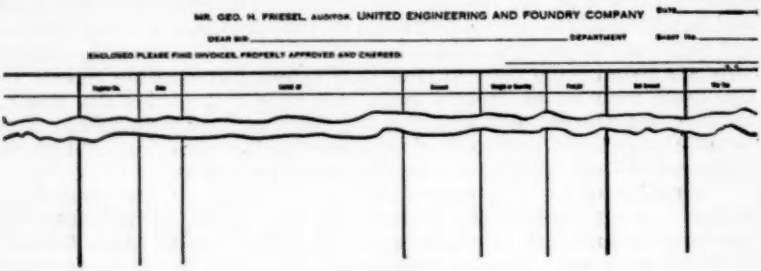
Approving for Payment Express Company Invoices for Express Charges. Each shipment of material received by express is accompanied by an express bill covering the charges. The approval and handling of these bills is similar to the handling of freight bills, but express charges are paid only at the close of each month. These bills are listed from time to time on Freight Forwarding Sheets in the same manner as freight bills, but only two copies are made, one for the storekeeper and one for the plant general office. Express charges are paid out of the plant petty cash fund which is replenished each month by the treasury department.

Approving for Payment Vendors' Invoices for Material Furnished. An alphabetically indexed letter-size file is provided for vendors' unapproved invoices, and completed receipt slips for uninvoiced material. Special folders are provided for vendors from whom considerable material is purchased. This file is known as the "Invoice File."

When a receipt slip is removed from the "Awaiting Freight and Weight" file, reference is made to the invoice file to ascertain if there is in the file an invoice to cover the material received. If there is such an invoice, it is removed, pinned to the receipt slip and laid aside. If there is no invoice in the file, the receipt slip is placed in its proper folder in the file, where it remains until an invoice is received. Upon receipt of invoices from the general accounting department, for each invoice reference is made to this file to ascertain if there is in the file a receipt slip for the material covered by the invoice. If there is such a receipt slip, it is removed, pinned to the invoice and laid aside. If not, it is placed in its proper folder in the file awaiting the receipt slip.

After the receipt slip has been matched with the invoice, the storekeeper transcribes the required information from the receipt slip to the register stamp on the invoice, and the required information from the invoice to the receipt slip. Receipt slips covering material other than what is charged to the stores account are then filed according to vendor in a permanent file. This file is a ready reference for any information on material from any vendor. All the invoices on which the receipt slip information has been transcribed, together with all receipt slips for stores account material, are delivered to the plant general office, receipt slips going to the stores record clerk. The Freight and Express Forwarding Sheets are then referred to, and the freight or express charges shown on each invoice are checked where listed on these forwarding sheets. The invoices are then approved by someone authorized by the Chief Clerk, sorted to charge account number

and then alphabetically to vendor, and listed in triplicate on Approved Invoice Forwarding Sheet, Form N, and forwarded to the general accounting department in Pittsburgh with the original copy of the forwarding sheet, one copy of this forwarding sheet remaining in the plant general office and the other filed in the storekeeper's office. When listing invoices for stores account, the receipt slip number is entered in the column bearing the heading "Weight or Quantity."


MR. GEO. H. FRIESEL, AUDITOR, UNITED ENGINEERING AND FOUNDRY COMPANY

DEAR SIR, DEPARTMENT

ENCLOSED PLEASE FIND INVOICES, PROPERLY APPROVED AND CHARGED.

FORM N

Disbursing Storehouse Material for Plant Use on Storehouse Requisitions. There is posted in the storehouse a list of the names of those who are authorized to requisition material, and only requisitions bearing the proper signatures are honored. When properly approved requisitions are presented the material desired is furnished, the storekeper recording the quantity delivered on the bin card and the bin card number on the requisition and, when necessary, entering on the requisition the quantity furnished expressed in terms of the unit by which it is measured. Each day requisitions for all material disbursed are delivered to the stores record clerk in the plant general office.

Disbursing Storehouse Material Shipped Out of Plant. When stores material is to be shipped out of the plant, it is delivered by the storekeeper, with a memorandum manifest, to the shipper, who prepares the proper shipping papers and makes the shipment. From the memorandum manifest the disbursement is recorded on the proper bin card or cards. It is only occasionally that stores material is shipped out of the plant. Hence this procedure meets the requirements.

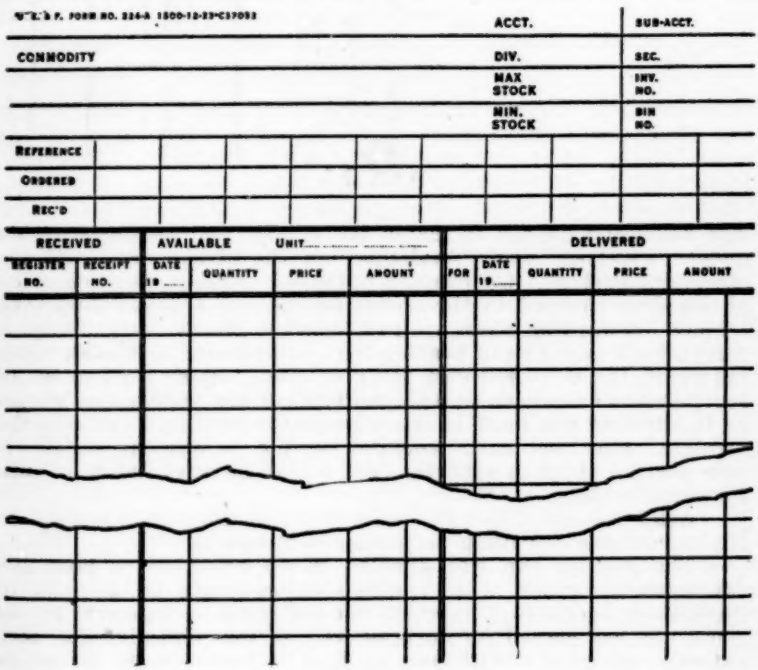
Disbursing Storehouse Material Scrapped. When material becomes obsolete or unuseable, an effort is made to dispose of it. If it cannot be sold, it is scrapped. When it is scrapped, all parts that have a scrap value are salvaged, the iron and steel being sent to the scrap yard and the copper and brass boxed and held in storage for sale. When stores material is scrapped it is released on the bin cards and memorandum report made to the plant general

office giving the quantity and bin number of the material, the salvage resulting, and disposition of the salvage. From this report a special journal entry voucher is prepared for the general accounting department in Pittsburgh, the adjustment or loss resulting being charged as instructed by the auditor.

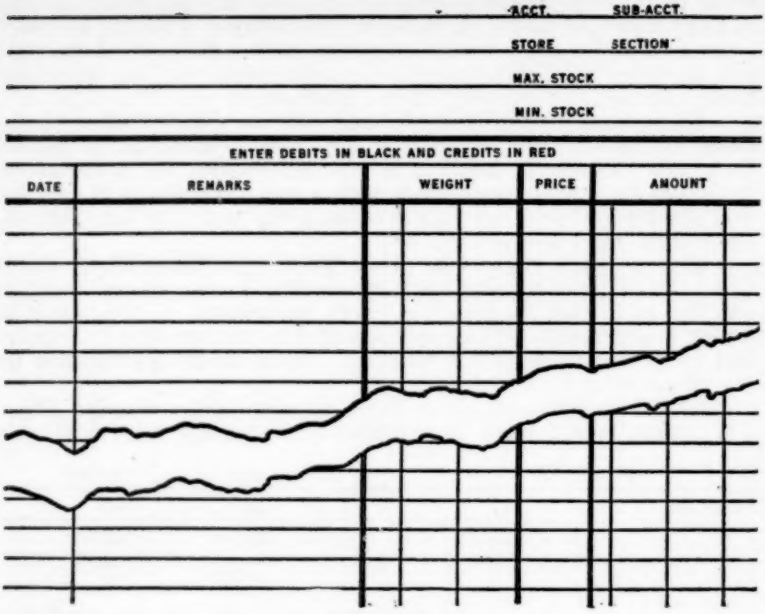
Disbursing Storehouse Material—Transfers to Other Locations in Storehouse. When for any reason material is moved from one location to another in the storehouse, the storekeeper furnishes the stores record clerk with a memorandum of the transfer, stating old and new bin numbers, the quantity transferred, the reason for transferring, etc.

Stores Accounting—The Stores Card. A Stores Card, Form O or O1, is provided for each commodity in the stores account, and on each card is recorded every movement of the material which it represents. The cards are filed in drawer files in numerical order according to bin number. These cards are handled by the stores record clerk.

Stores Accounting—Recording Receipts from Receipt Slips. The stores record clerk is provided with posting slips with one



FORM O



FORM O-1

side ruled and headed to match the rulings and headings shown under "Received" and "Available" on the stores card, and the other side carboned for copying purposes. Receipt slips covering all invoices charged to the stores account on a given Approved Invoice Forwarding Sheet are posted to the Stores Card through a carbon back posting slip bearing the same number as the forwarding sheet, the delivered cost being entered. After a given lot of receipt slips have been posted, the total of the postings as shown on the posting slip must be the same as the combined totals of the "freight" and "net amt." columns on the forwarding sheet. A new posting sheet is used for each lot of invoices listed on each forwarding sheet.

After receipt slips have been recorded, they are returned to the storekeeper for filing permanently to vendor.

The posting slip was adopted in an endeavor to eliminate discrepancies which were continually occurring on account of invoices or receipt slips in every case not going to the stores record clerk. It has served its purpose well as this difficulty has been entirely corrected. Although at first it may appear to be an awkward procedure, yet one can quickly adapt himself to its use and after once in use it will never be discarded.

Stores Accounting—Recording Transfers of Material from One Location to Another. When the stores record clerk is advised by the storekeeper of the transfer of a commodity from one location to another, a new card bearing the new bin number is prepared. The card covering the old location is credited with the quantity and value of the material transferred, the transfer report valued, and the new card charged, cross reference being made on each card.

Stores Accounting—Recording Receipts of Material Returned to Storehouse. When material is returned to the storehouse on account of not being used, the storekeeper prepares with a red pencil a storehouse requisition, showing the account that the material was charged to when taken out and the number of the bin it was returned to. While this is really a receipt or debit, it is posted in red on the stores cards under "delivered" and filed to account number with other requisitions covering material charged to the same account.

Stores Accounting—Recording Disbursements of Material on Storehouse Requisitions, etc. When the storekeeper each day delivers to the stores record clerk the material requisitions for the day's disbursements, each lot is given a transfer number beginning each month with No. 1 and running consecutively to the close of the month, and this number is recorded under "Transfer Number" on each requisition. The requisitions comprising a given lot are then arranged in numerical order according to bin number, and the quantity disbursed from each bin as shown on one or more requisitions in the lot is recorded under "Delivered" on the stores card and the value figured and recorded. Each requisition is then priced and figured and the total of the lot must be the same as the value released on the stores card. Only one entry for each transfer lot is made on the stores card for any commodity, regardless of the number of requisitions in the lot for such commodity. After all of the requisitions of a transfer lot have been recorded and valued, they are totaled on a listing adding machine and the total recorded on a memorandum card along with the totals of all other lots for the month. The charge account is then entered on each requisition after which it is placed in a file indexed according to account number.

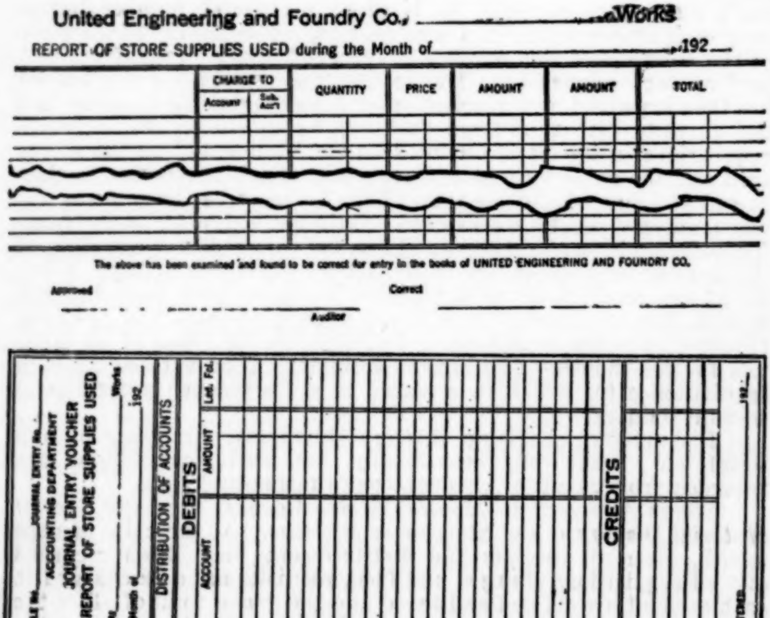
Disbursements arising through shipments, scrapping of material, etc., occur only occasionally, and such transactions are recorded from manifests, storekeeper's memoranda, etc.

Stores Accounting—Monthly Stores Voucher Covering Cost of Material Disbursed and Storehouse Expense. At the close of each month, after all receipts and disbursements have been recorded and all requisitions charged and filed, requisitions to be charged to each account are totaled and listed and the grand total of all of the charges to all of the accounts must balance with the total of the various transfer lots previously referred to. The storehouse expense per dollar disbursed is then ascertained and each account to

be charged with any material is loaded with its share of this expense. The loaded distribution of disbursements is then listed on a stores voucher, Form P, which is approved by the manager and chief clerk and forwarded to the general accounting department in Pittsburgh.

Stores Accounting—Controlling Account in Plant Ledger. The plant general ledger includes a controlling stores account. The account is charged for purchases with the totals of the "Freight" and "Net Amount" columns of each Approved Invoice Forwarding Sheet and with other charges from payroll vouchers, interplant debit memos, etc. It is credited for material used in the plant from the stores voucher and for other disbursements from shipping manifests, storekeeper's memos, etc.

Stores Accounting—Checking Stores Cards with Plant Ledger Stores Account and Plant Ledger Stores Account with Plant Stores Account in General Ledger. After the close of each month a new balance is calculated on each stores card, and the cards then totaled with a listing adding machine. This total must check with the balance in the plant ledger stores account.



FORM P

From the plant ledger stores account, stock report, Form Q, is prepared and sent to the general accounting department in Pittsburgh.

UNITED ENGINEERING & FOUNDRY COMPANY

STOCK REPORT

WORKS MONTH OF

MATERIALS	ON HAND BEG. OF MO.	PURCHASED	TRANSFERRED	INTER-WORKS	USED	SOLD	TRANSFERRED	INTER-WORKS	ON HAND LAST OF MO.
Scrap									
Pig Iron, Ore, Etc.									
Refractories									
Fuel									
Flasks, Chills, Etc.									
1 Iron Foundry Equip.									
2 Steel Foundry Equip.									
3 Chilled Roll Fdry. Equip.									
4 Steel Roll Fdry. Equip.									
5									
6 Constructing Chills									
7 Roll Shop Equipment									
8 Machine Shop Equip.									
Store Supplies									
Forgings Material from Stock									
M 13 - Foreign Material									

FORM Q

On the debit side of this report in the first column is entered the balance on hand at the beginning of the month. In the second column is entered charges from Approved Invoice Forwarding Sheets, payroll report, and unchecked freight and express items on freight and express forwarding sheet. These unchecked items represent transportation charges paid on material for which invoices have not been taken into account and are not posted on the stores cards or in the plant ledger account until the vendors' invoices are taken into account. In the third column is entered all charges arising within the plant, such as stores material that is manufactured in the plant. In the fourth column is entered all charges arising from stores material received from other plants of the company.

On the credit side of the report in the first column is entered the amount of the stores voucher. In the second column are entered shipments to other companies. In the third column are entered disbursements within the plant not included in the stores voucher. In the fourth column are entered shipments to other plants of the company. In the last column is entered the balance on hand in the plant ledger stores account plus the unchecked

freight and express items previously referred to. Dividing the stores account transactions in this manner enables the general accounting department to readily ascertain where any errors might have occurred at the plant or in the general accounting department.

Checking Stock with Bin Cards and Bin Cards with Stores Cards. Whenever the stock of a commodity becomes low it is counted by the storekeeper, checked against the bin card and report made to the stores record clerk of the actual count and the quantity shown on the bin card. Such commodities as would not receive a frequent count under this procedure receive a special count as often as an opportune occasion presents itself or whenever a count is ordered by the chief clerk, but never less than twice a year. For any discrepancies which result from actual counts, adjustments are made on the stores cards through operating expense accounts if ascertainable and the adjustments are small, otherwise, through the inventory adjustment account.

The Purchase and General Accounting Procedure

Purchasing (Inquiries and Orders). The purchasing of materials and supplies, due to market conditions and degree of the volume of consumption, falls under two general classes:

(1) Pig Iron, Scrap, and Other Alloys
(2) All Other Materials.

In determining the quantities of pig irons and scrap to be purchased, both the present volume of consumption and the market outlook form considerable factors. A monthly report, Form R, is furnished by the plant to the purchasing agent showing, for the various kinds of pig iron and scrap, the quantity received during the month, the quantity consumed and the quantity on hand at the end of the month. The report is completed by the purchasing department entering the quantity "on order" at the end of that month. From this information, the future tendency of the market and business conditions and future outlook, decision is made as to the amount to be purchased. Inquiries are then sent out to the various producers and orders placed on a competitive basis.

All other materials are purchased from requisitions originating at the plant on Form D, approved by the plant manager or chief clerk. Upon receipt of such requisitions, inquiries are sent out in letter form by the purchasing department, stating delivery required. When all replies are received, the order is placed where it appears will be to the best advantage.

A Purchase Order, Form E, is issued for every purchase, a complete set consisting of five copies, which are disposed of as follows:

One to vendor,
Two to plant or department for whom purchase is made,

One for expediting, filed in purchasing department to date of delivery promised,

One card copy filed in purchasing department to plant in alphabetical order according to vendor.

The vendor copy only gives shipping instructions and terms under which the order is placed.

PIG IRON and SCRAP REPORT

UNITED ENGINEERING & FOUNDRY COMPANY

.....PLANT

FOR MONTH ENDING.....

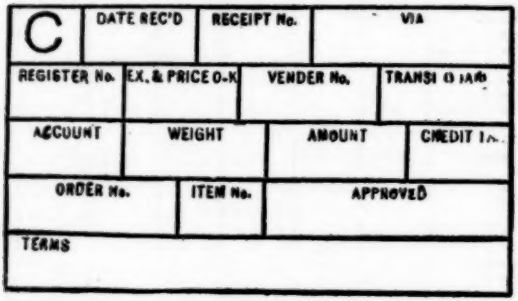
	Received (N. T.) from:		Used (N. T.) from:		On Hand (N. T.)	Av. Cost of "On Hand"	On Order (N. T.)	Av. Cost of "On Order"
	Production	Purchases	Production	Purchases				
Akmixon								
Bessemer								
Ferro Chrome								
Ferro Manganese								
Ferro Molybdenum								
Ferro Phosphorus								
Ferro Silicon								
Ferro Titanium								
Fdry. Iron No. 2—Soft								
Fdry. Iron No. 2—Strong								
Fdry. Iron No. 3								
High Silicon								
High Manganese								
Lake Superior (Regular)								
Lake Superior (High Phos.)								
Limestone								
Low Phosphorus								
Mayari								
Ore, Lump								
Pig Copper								
Pyrites								
Rock Run								
Shelby								
Silico Manganese								
Silico Spiegel								
Swedish								
Washed Metal								
White (Lake Superior)								
Wrigley								
Total Pig Iron:								
Steel Scrap:—								
Billets & Blooms								
Car Wheels								
Forged Crops								
Knuckles & Couplers								
Plates								
Punchings								
Rail Crops								
Shells								
Springs								
Structural								
Tube Ends								
Turnings								
Open Hearth Scrap								
Molybdenum O. H. Scrap								
Cast Iron Cupola Scrap								
Rail Scrap								
Scrap Ingot Molds								
Car Wheels								
Copper Scrap								
Total Scrap								

FORM R

After the order is placed, the copy of inquiry and all replies thereto are attached to the plant requisition on which the order number and vendor's name are noted, and filed to plant consecutively according to requisition number.

Each day orders for material which should be delivered by or near that date are followed up by inquiry as to when shipment will be made, special attention being given items of which we are in urgent need.

Invoices. As invoices are received they are stamped as per Form S, which provides spaces for signature of the various persons responsible for the processes through which they pass before payment. A register number is then assigned to the invoice for identification through the purchasing, accounting and operating departments.



FORM S

Each invoice is checked with its order as to material, quantity, unit or lump price, and extensions verified. On card copy of order notation is then made of date of shipment and invoice, billing price, and register number. If only part of an order is covered by a particular invoice, the order card is returned to the open order file, and when final shipment is made and invoice received, invoice reference is made and the card marked "completed" and filed in a "completed order" file according to "commodity."

After the aforementioned procedure has been applied to a batch of invoices, they are then ready for accounting purposes. A forwarding sheet or "Manifest of Invoice," Form T, is then prepared in triplicate, listing all invoices consecutively according to register number.

A copy of the list is retained by the purchasing department, and the original and duplicate list with invoices attached forwarded to the voucher clerk, who vouchers immediately on Forms U and V any invoices which may fall due for discount before the time necessary to secure approval of them or the receipt of the material,

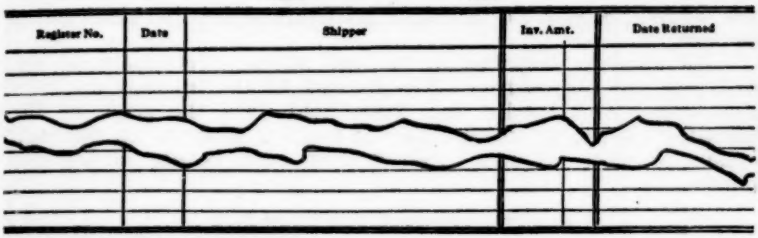
UNITED ENGINEERING & FOUNDRY CO.

MANIFEST OF INVOICES

FOR APPROVAL

TO

MILL DATE



Invoice must be approved promptly and returned to

GEO. H. FRIESEL

Auditor

FORM T

consideration of course being given to the reliability of the company concerned. Such invoices are then stamped "Vouchered." Form G is made in duplicate when the account consists of more than one invoice. One copy is attached to Form F and the other sent with check when payment is made.

To any invoices on which the time for discount will permit

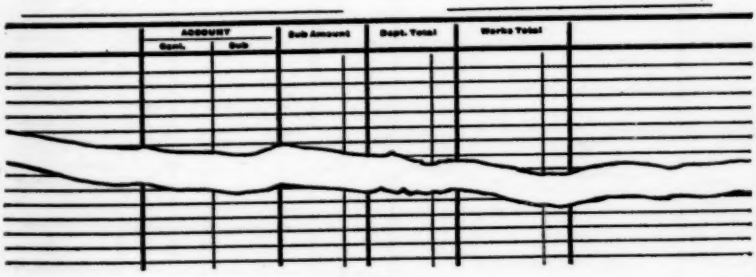
United Engineering & Foundry Co.

ACCOUNTING DEPT.

Bill File No._____

Favor of _____

Month of_____ 19



FORM U

of their being forwarded to the plant for approval, a red sticker, Form W, is affixed, calling for special attention and prompt return for discounting.

The carbon copy of the manifest of invoices is retained by the

voucher clerk. The invoices as listed, together with the original manifest, are forwarded to the plant for approval and designation of account to be charged.

Accounts Payable. When the voucher clerk receives approved invoices from the plant with forwarding sheet N, any invoices which had been previously vouchered are attached to their respective vouchers and the accounts as charged by the plant noted thereon.

All invoices identified by the red sticker are vouchered immediately for discounting. The balance of the invoices are filed alphabetically to vendor and there held until the sixth of the following month, at which time one voucher is made up for each vendor to cover all bills received from such vendor during the month.

REMITTANCE ADVICE—FOR YOUR FILE

Pittsburgh, Pa., _____ *192*

United Engineering and Foundry Company

In Account With

_____

_____

_____

DATE	EXPLANATION	DEDUCTIONS	AMOUNT	AMOUNT
	TOTAL			
	LESS: DEDUCTIONS			
	DISCOUNT %			

FORM V

IMPORTANT.

This Invoice must be returned to Accounting Department not later than_____

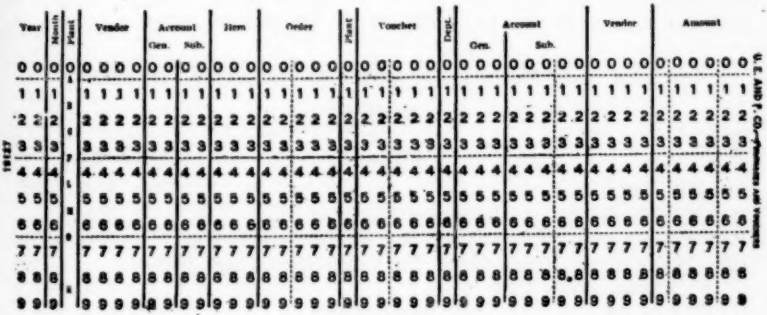
For Discount.

GEO. H. FRIESEL, Auditor.

FORM W

As receipted freight bills, with two copies of forwarding sheet M are received by the voucher clerk, one copy of the forwarding sheet is vouchered on Form U and check issued to reimburse the plant petty cash for the amount represented by freight bills received. The voucher number is noted on the duplicate copy of the forwarding sheet which is then attached to the freight bills and filed in a special file for "freights."

As the vouchers, Form U, are completed for the month, they go to the tabulating department, where a card, Form X, is punched

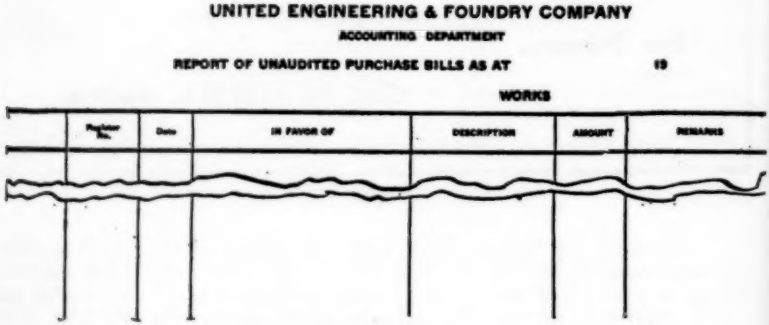


FORM X

for each item, recording year and month, plant, voucher number, account and amount. From these cards the distribution of Accounts Payable to charge accounts is made on a tabulating listing machine, the machine list becoming the original journal voucher record.

All invoices that are to be included in a given month's business must be in possession of the voucher clerk not later than the sixth of the month following.

Any invoices which cannot be approved for payment are reported by the plant to the voucher clerk on Form Y, "Unaudited Purchase Bills," showing register number, date of invoice, vendor, summarized description of material covered, amount of invoice, and under "Remarks" the reason for withholding invoice from approval.



FORM Y

The voucher clerk now has a complete record from the plant of all invoices forwarded them during the month; that is, all invoices shown on "Manifest of Invoices," Form T, should in turn be accounted for by the plant to the voucher clerk, either by invoices approved for payment or as Unaudited Bills.

Forms and Equipment for Controlling Materials

FORMS

Ref. No.	Title	Size
A	Bin Card	4″x 9½″
B	Storehouse Requisition for General Use	3″x 5″
B1	Storehouse Requisition for Blacksmiths Use	3″x 5″
B2	Storehouse Requisition for Carpenters and Patternmakers Use	3″x 5″
C	Storekeepers Purchase Requisition	4¼″x 6½″
D	Plant Requisition on Purchasing Department	5¾″x 8″

E—Purchase Order to Vendor	10″x 6″
E—Purchase Order—Office Copies	8″x 6″
F—Telephone Confirmation Memo.	8-3/16″x 6″
G—Receipt Slip (Material Received)	5″x 8″
H—Report of Cars Received	6″x 4″
I—Car Record of Pig Iron and Scrap	3¾″x 6¾″
J—Shortage Report	8¼″x 8″
K—Daily Report of Carloads Received	10⅞″x 8⅜″
L—Form of Rubber Stamp for Freight Bills	1″x 2″
M—List of Approved Freight Bills	10⅞″x 8⅜″
N—Approved Invoice Forwarding Sheet	9¼″x11¾″
O and O1—Stores Card	8″x 5″
P—Monthly Disbursement Distribution Journal Voucher	13¾″x 8⅜″
Q—Stock Report	8⅜″x10⅞″
R—Monthly Pig Iron and Scrap Report	10¾″x 8¼″
S—Form of Rubber Stamp for Incoming Invoices	1⅝″x 3″
T—Manifest of Invoices	8⅜″x 6⅜″
U—Voucher Card	6⅞″x 8½″
V—Remittance Advice	9″x 6″
W—Discount Identification Sticker	3¼″x 4⅞″
X—Tabulating Machine Voucher Card	3¼″x 7 5/16″
Y—Report of Unaudited Purchase Bills	11″x10½″

Important Storehouse Office Equipment

Vertical Files for—

- Active Orders—Portable Box Type
- Completed Orders—Drawer Type
- Shipping Papers covering materials en route—Letter Size, Drawer Type
- Unapproved Invoices and Receipt Slips awaiting Invoices—Box Type, letter size.